# CHALLENGES AND OPPORTUNITIES TO HOUSING AFFORDABILITY

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# THEMES FOR TODAY'S PRESENTATION

- Expand housing supply
- Build more affordable housing
- Increase homeownership among households of color



#### EXPAND HOUSING SUPPLY

#### DESPITE NEW HOUSING CONSTRUCTION, THE TWIN CITIES HAS THE LOWEST HOUSING VACANCY RATE

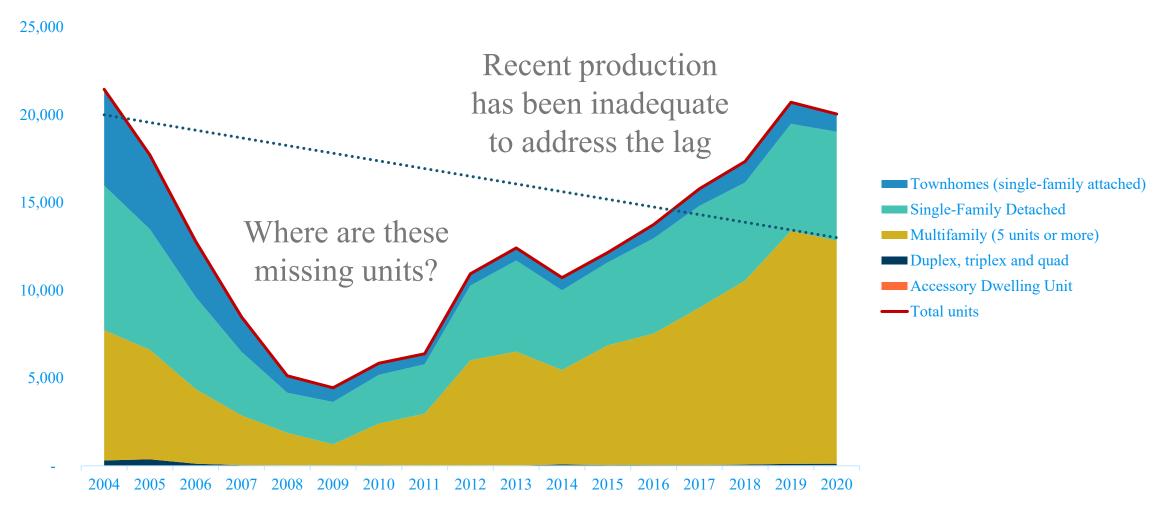
"The housing shortage in the Twin Cities is now the worst in the nation, topping even high-demand metros such as Los Angeles, Seattle, Denver and Austin, Texas. Last year a mere 4.6% of all forsale and rental housing in the metro was vacant, according to a new analysis of U.S. census data of the nation's 56 largest metros by the Minnesota Population Center."

-- Jim Buchta, Star Tribune, September 18, 2021



#### NEED FOR NEW HOUSING IN THE TWIN CITIES

#### STATEWIDE NEED: 40,000 ADDITIONAL UNITS







#### EXPAND HOUSING SUPPLY

NO SINGLE STRATEGY WILL ADDRESS THE NEED FOR MORE HOUSING

- Changes to zoning (e.g., Minneapolis, Saint Paul)
- Modular housing (e.g., Mod 42 in Minneapolis)
- Review of the state building code
- Changes to property taxes
- Expedited permitting and approvals
- Reduced fees





#### NEW AFFORDABLE UNITS LAG FAR BEHIND NEED





Source: Metropolitan Council, Housing Performance Scores Survey



#### BUILD MORE AFFORDABLE HOUSING

# NO SINGLE STRATEGY WILL ADDRESS THE NEED FOR MORE AFFORDABLE HOUSING

- More funding to support income-restricted housing (especially deeply affordable units)
- Mixed-income housing and/or inclusionary zoning policies
- Land assembly
- Loan guarantees

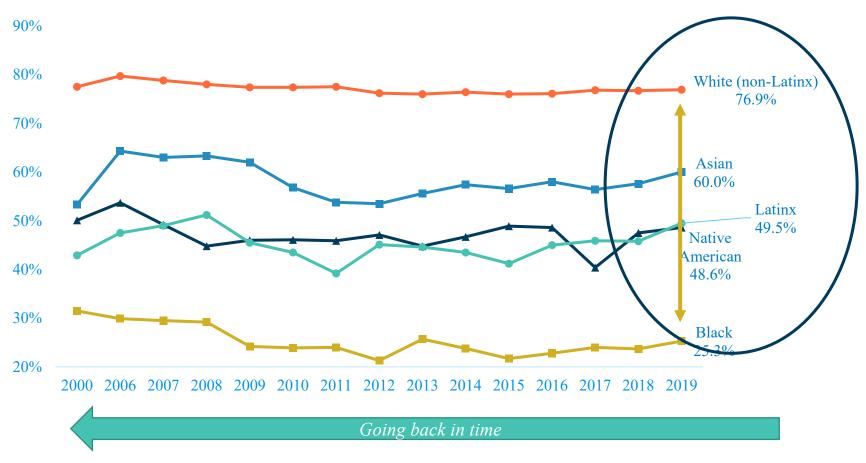
+ strategies for more housing







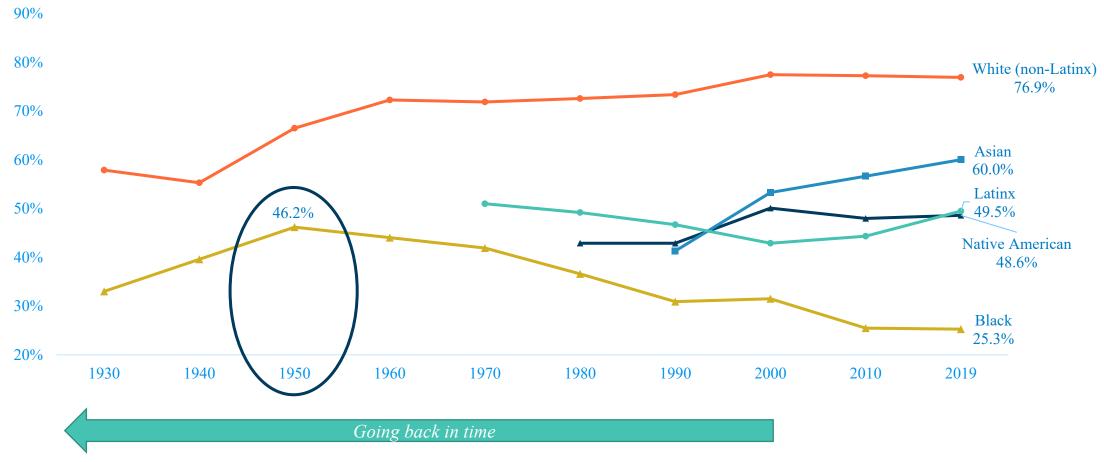
## WHITE HOUSEHOLDS LEAD OTHER GROUPS IN HOMEOWNERSHIP IN MINNESOTA



- One of the highest homeownership rates
- Among the highest homeownership rates for White households
- One of the largest gaps between White households and households of color

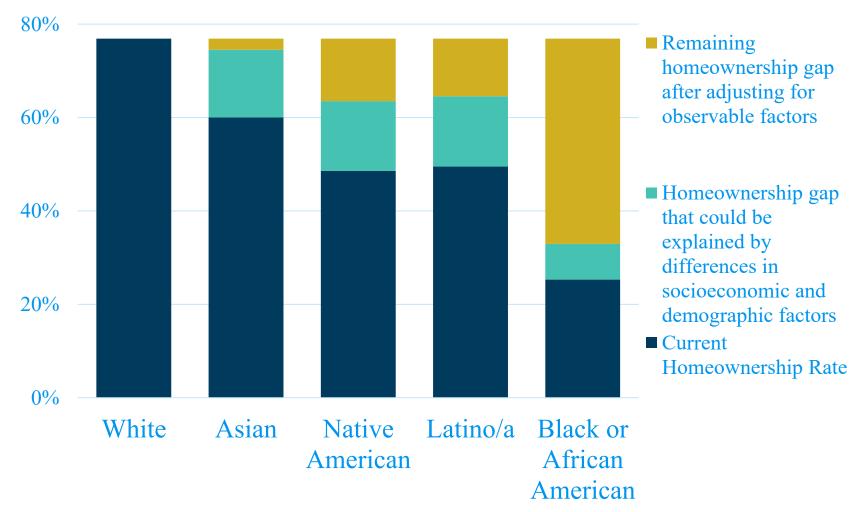


#### PEAK BLACK HOMEOWNERSHIP IN MINNESOTA IN 1950





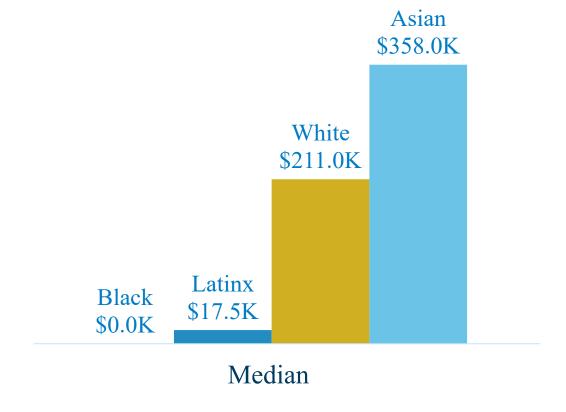
The homeownership gap remains beyond what variation in demographic factors can explain





#### WHITE HOUSEHOLDS HAVE A WEALTH ADVANTAGE

#### HOUSEHOLD WEALTH IN MINNESOTA





POLICY CHANGES TO ADDRESS DISPARITIES IN HOMEOWNERSHIP RATES

- Close gaps in income and wealth
- Close gaps in appraisals and tax assessments
- Expand alternative models of homeownership: community land trusts, cooperative ownership
- Provide downpayment assistance / first-time homebuyer assistance
- Reduce processing timelines that disadvantage lower-income homebuyers

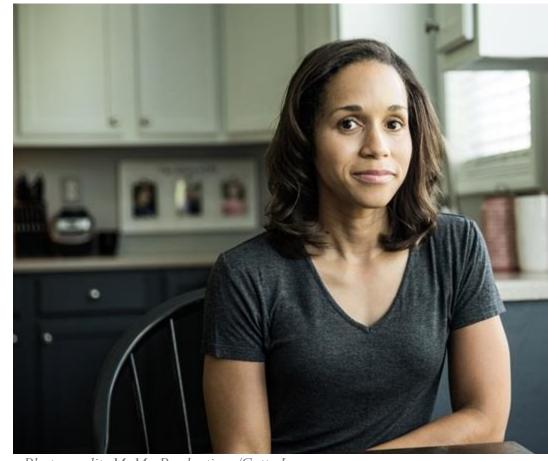


Photo credit: MoMo Productions/Getty Images





# UPCOMING RELEASES FROM THE MINNEAPOLIS FED

- Investor-owned single-family homes in the Twin Cities: Where they are, how trends have evolved
- Minneapolis 2040 Housing Indicators
- Racial disparities in mortgage lending

### THANK YOU!

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